

STATE OF WASHINGTON

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

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Editor's note: This news release reflects the position of staff of the Washington Utilities and Transportation Commission (UTC) and NOT the views of the three-member commission. It discusses a staff recommendation that the commissioners have not yet reviewed. Any positions taken or comments offered by the commission staff regarding this proceeding should be attributed clearly to staff members and NOT to the UTC.

UTC staff reach settlement with Verizon over incorrectly billing phone customers

Company agrees to penalties and compliance plan

OLYMPIA, Wash. — Staff members of the Washington Utilities and Transportation Commission (UTC) and Verizon Northwest Inc. have reached an agreement over a complaint filed against the company in March for failing to charge the correct telephone rates for service.

In a settlement agreement filed today, Verizon agreed to pay a penalty totaling \$39,600 for violating state law by overcharging Washington Telephone Assistance Program (WTAP) customers on 47 occasions and for incorrectly billing city taxes to 26 customers who reside outside city limits. WTAP is the state program designed to make sure low-income families and individuals in our state have access to affordable telephone service.

Verizon also agreed to pay \$10,000 toward a WTAP public outreach effort that will consist of an educational product or publication to be distributed by the UTC in September. An additional penalty of \$39,900 was suspended and will be waived after six months if Verizon complies with the settlement terms.

Under the proposed settlement, Verizon agreed to a comprehensive plan to address billing and compliance concerns, including:

- Establishing a process to investigate consumer complaints and inquiries regarding incorrect billing of city utility taxes as well as investigating neighboring customers, and issuing appropriate credits in a timely manner.
- Giving out "refresher" written communications to all call center representatives that describe proper handling of WTAP applications.
- Instituting a process where complaint, Lifeline and call center teams collaborate to analyze WTAP-related customer complaints.

The three-member commission is not bound by the staff recommendation to approve the settlement agreement and could elect to accept, modify or reject the settlement. The UTC is expected to make a final decision by early fall.

UTC staff has conducted three investigations of Verizon's business practices since 2005. In the initial investigation, staff found an increasing number of complaints from WTAP-eligible Verizon customers, many of whom alleged the company provided incorrect information about the program and failed to charge the discounted rates for the phone service. The most recent investigation was conducted in December 2008. Staff found that more than one-third of Verizon customer complaints were from WTAP participants.

The UTC is the state agency in charge of regulating the rates and services of telephone companies operating in Washington.

Verizon, formerly known as GTE, is the second-largest local telephone provider in Washington, serving 518,341 phone lines in cities such as Redmond, Kirkland, Everett, Bothell, Woodinville, Wenatchee, Kennewick, Pullman, Chelan, Richland, Naches, Westport, Lynden, Anacortes, Mount Vernon, Newport, Oakesdale, Republic and Camas-Washougal.

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Editor's note: A copy of today's filing may be found at www.utc.wa.gov/090073.